

Fourth Quarter and Full Year FY 2007

Quarterly Update

Infineon Technologies AG
Investor Relations



Never stop thinking

Disclaimer

This presentation was prepared as of November 14, 2007 and is current only as of that date.

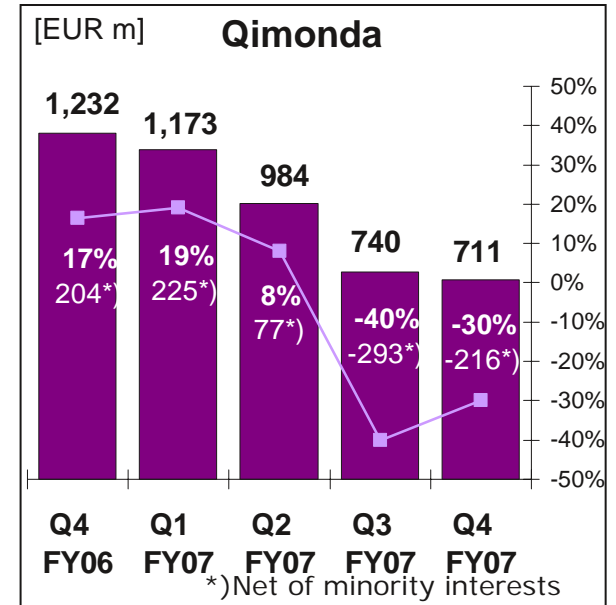
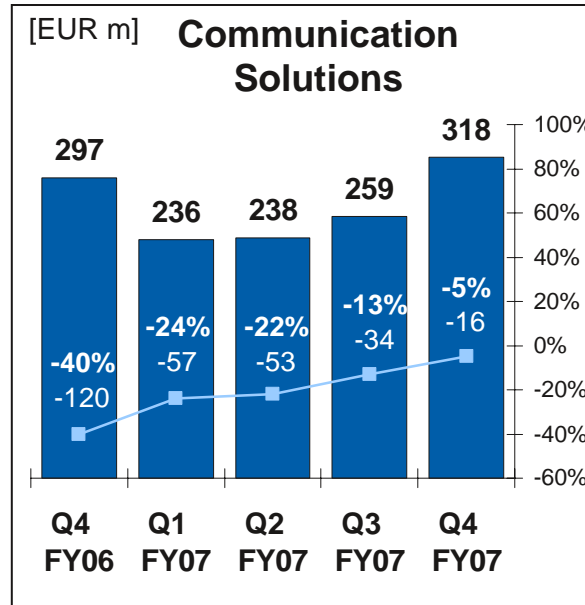
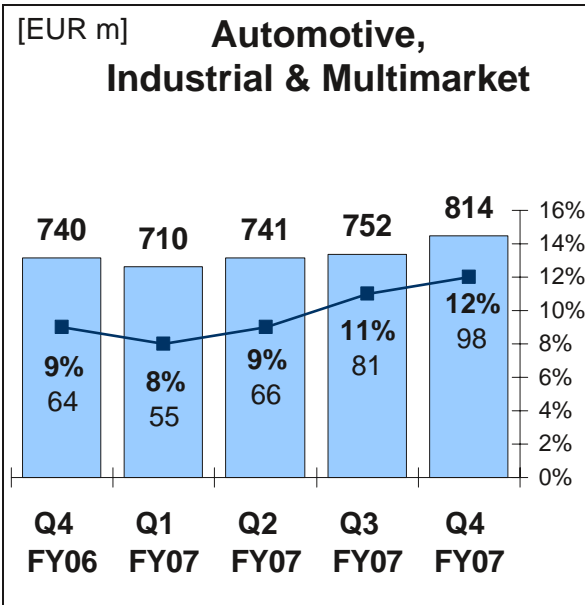
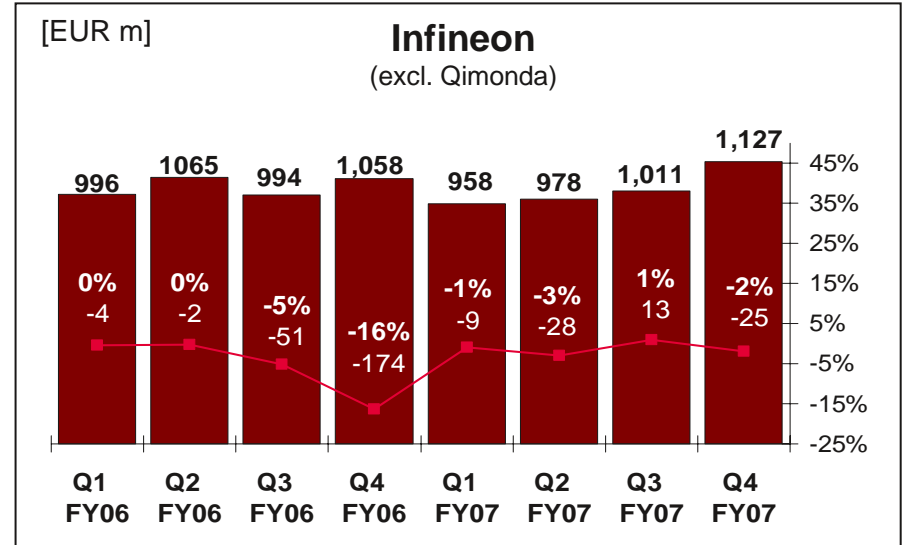
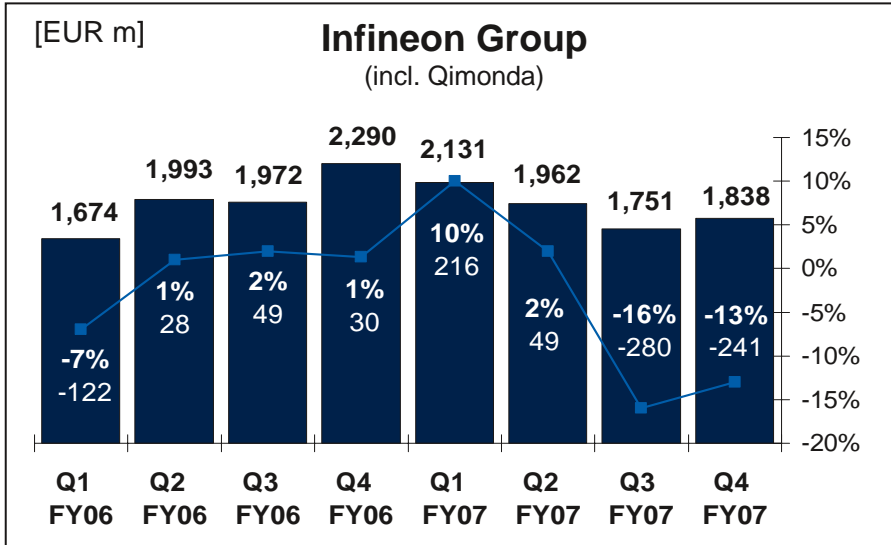
This presentation includes forward-looking statements about the future of Infineon's business and the industry in which it operates. These include statements relating to future developments in the world semiconductor market, including the market for memory products, Infineon's future growth, the benefits of research and development alliances and activities, Infineon's planned levels of future investment in the expansion and modernization of its production capacity, the introduction of new technology at its facilities, the continuing transitioning of its production processes to smaller structure sizes, cost savings related to such transitioning and other initiatives, Infineon's successful development of technology based on industry standards, Infineon's ability to offer commercially viable products based on its technology, Infineon's ability to achieve its cost savings and growth targets, and the impact of the carve-out of Qimonda, the group's memory products business, its initial public offering, and any further sales of Qimonda shares or other corporate financing measures in that regard.

These forward-looking statements are subject to a number of uncertainties, including trends in demand and prices for semiconductors generally and for Infineon's products in particular, the success of Infineon's development efforts, both alone and with partners, the success of Infineon's efforts to introduce new production processes, the actions of competitors, the availability of funds for planned expansion efforts, and the outcome of antitrust investigations and litigation matters, as well as the other factors mentioned in this presentation and those described in the "Risk Factors" section of the annual report of Infineon on Form 20-F filed with the U.S. Securities and Exchange Commission on November 30, 2006 or contained in the company's quarterly reports. As a result, Infineon's actual results could differ materially from those contained in these forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements.

Infineon does not undertake any obligation to publicly update or revise any forward-looking statements because of new information, future events or otherwise.

Fourth Quarter FY 2007 Results

Revenues of EUR 1.84bn; EBIT of EUR -241m



Infineon excluding Qimonda First Quarter FY 2008 Outlook



IFX

Revenues excluding Qimonda, but including LSI, to be about flat; EBIT before charges is anticipated to decline q-o-q.

COM

- Revenues expected to grow significantly q-o-q; EBIT before charges to be break even.
- Continued growth in shipments of mobile phone platforms; acquisitions to add revenues in wireless and wireline.

AIM

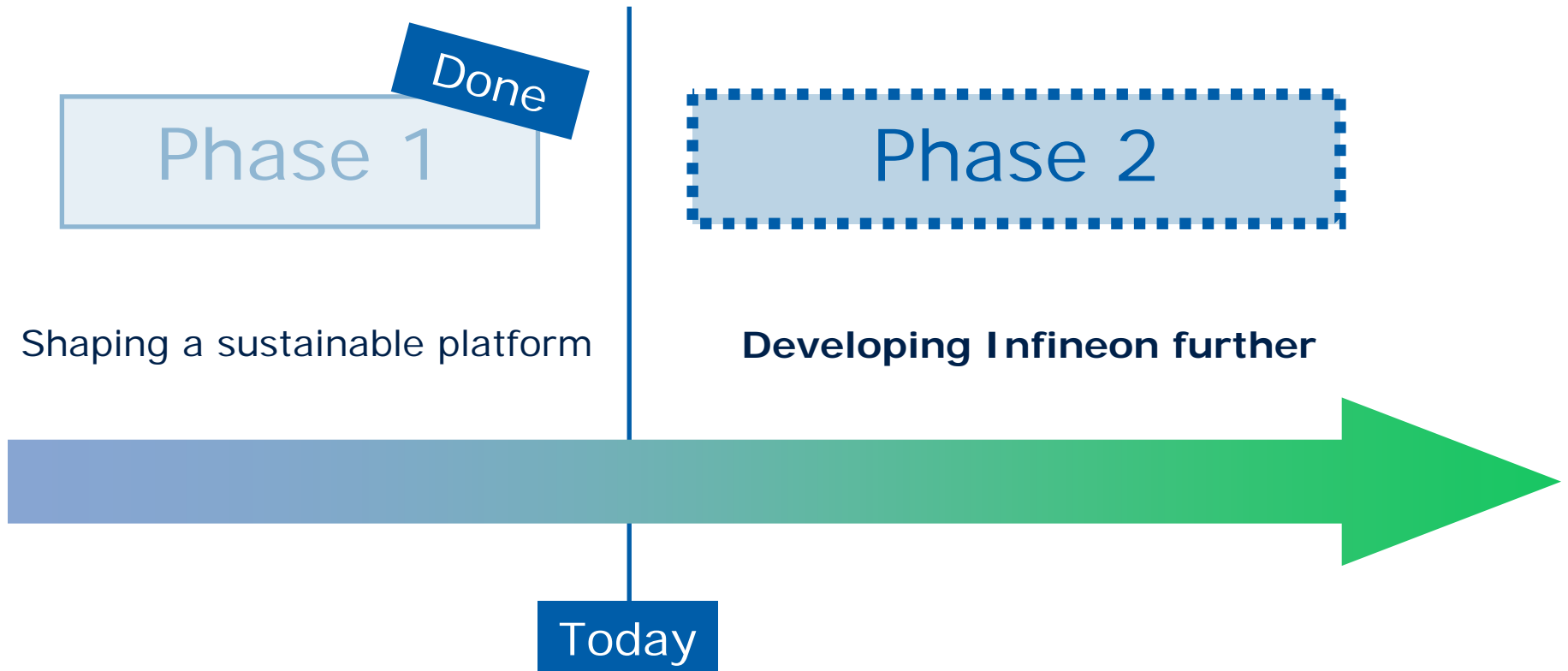
- Revenues and EBIT to decrease q-o-q driven by seasonality, currency, deconsolidation of business, annual price break
- Automotive to be about flat; Industrial & Multimarket to decrease; Security & ASIC to decrease

OOS, C & E

- Combined EBIT loss before charges broadly unchanged q-o-q

Developing Infineon

Infineon Development in Two Phases



Phase 1

Shaping a Sustainable Platform



Separated what had less and less in common

Qimonda Carve-Out (1-May-06) & IPO (9-Aug-06)



Divested or closed unsustainable businesses

Fiber Optics; Optical Networks; Polymer Optical Fiber; SciWorx; Venture Portfolio, Base station Controllers etc.



Turn-Around of sustainable, but unprofitable businesses

Discretes, Chip Card, Access, Wireless



All major businesses with positive or at least break-even EBIT at the end of CY 2007



Phase 2

Developing Infineon Further – 5 Levers



1 Growth: Energy Efficiency, Communications, Security

2 Earnings: break-even EBIT FY 07, ~10% EBIT margin FY 09, well on our way towards that in FY 08

3 Capital Intensity: from 11%-13% CapEx/Sales today to ~10% in FY 09, even lower possible thereafter

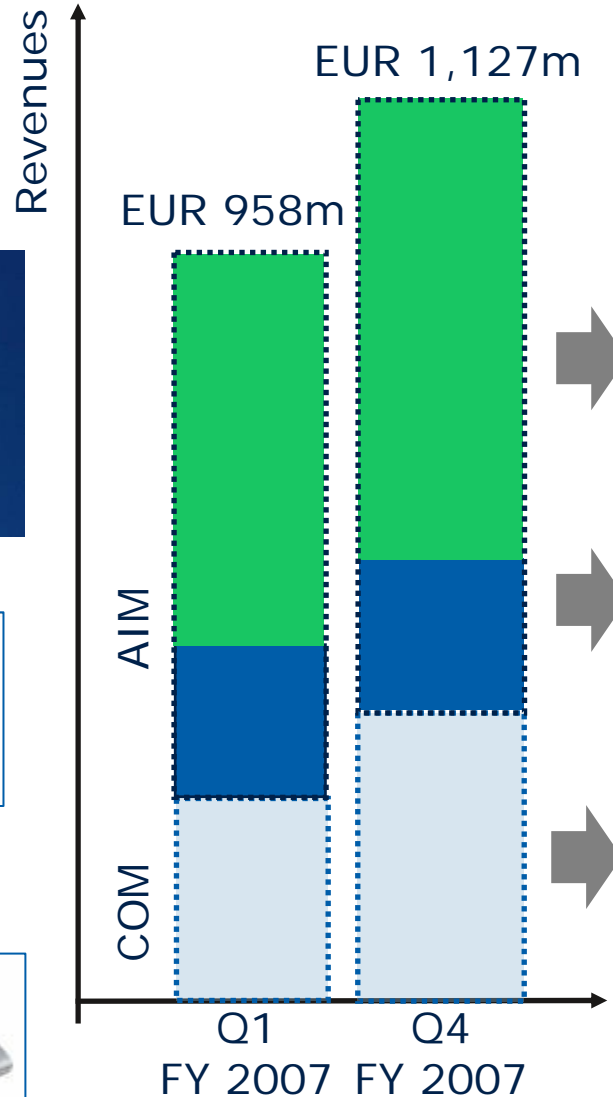
4 Capital Structure: maintaining an efficient capital structure + share buy backs

5 Exploiting Strategic Opportunities: Qimonda divestiture, selective acquisitions to strengthen the platform



Growth:
Energy Efficiency, Communications, Security

Powerful Demand Drivers



Energy Efficiency:

- Growth in power ICs as world needs to handle energy consumption
- Reduction of fuel consumption and CO₂ emissions in automobiles

Security:

- Growth in identification (e. g. ePassport), banking and others

Communications:

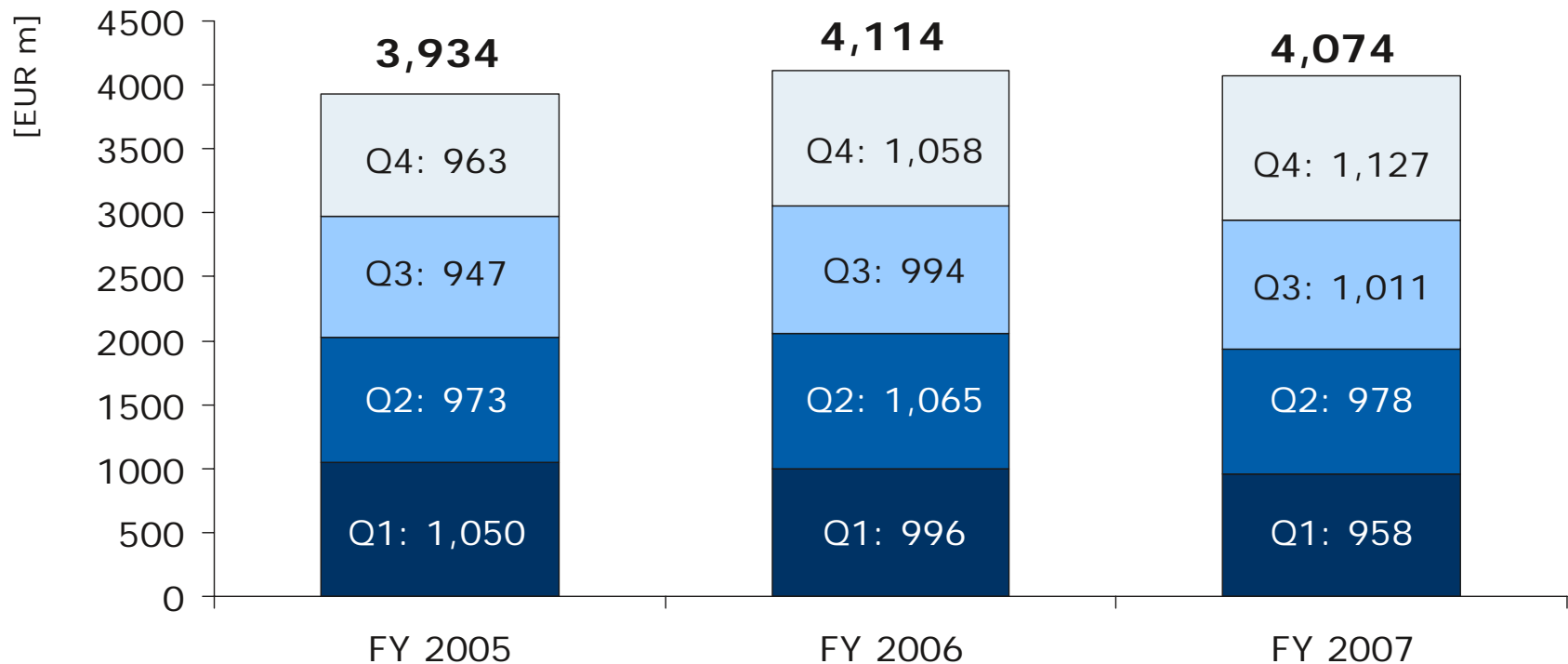
- Growth out of design-wins in mobile platforms; focus on single-chip and 7.2-Mbps HSDPA
- Strong RF transceiver and wireline access businesses

Growing the Business

Increasing the Quarterly Run-rate



	Q1 2007	Q2 2007	Q3 2007	Q4 2007
Quarterly revenue	958m	978m	1,011m	1,127m
Annualized run-rate = (quarterly rev. x 4)	3.8bn	3.9bn	4.0bn	4.5bn



Global Energy Trends: Substantial Needs and Highest Level of Awareness



#1



Dwindling resources drive growth in energy savings and renewables.

- The cost of energy generation and the price of electricity continue to rise.
- Electricity consumption is growing 2.6% per year
- Renewables are on the rise in energy generation.
- Saving energy is increasingly crucial in industrial, commercial and household applications.

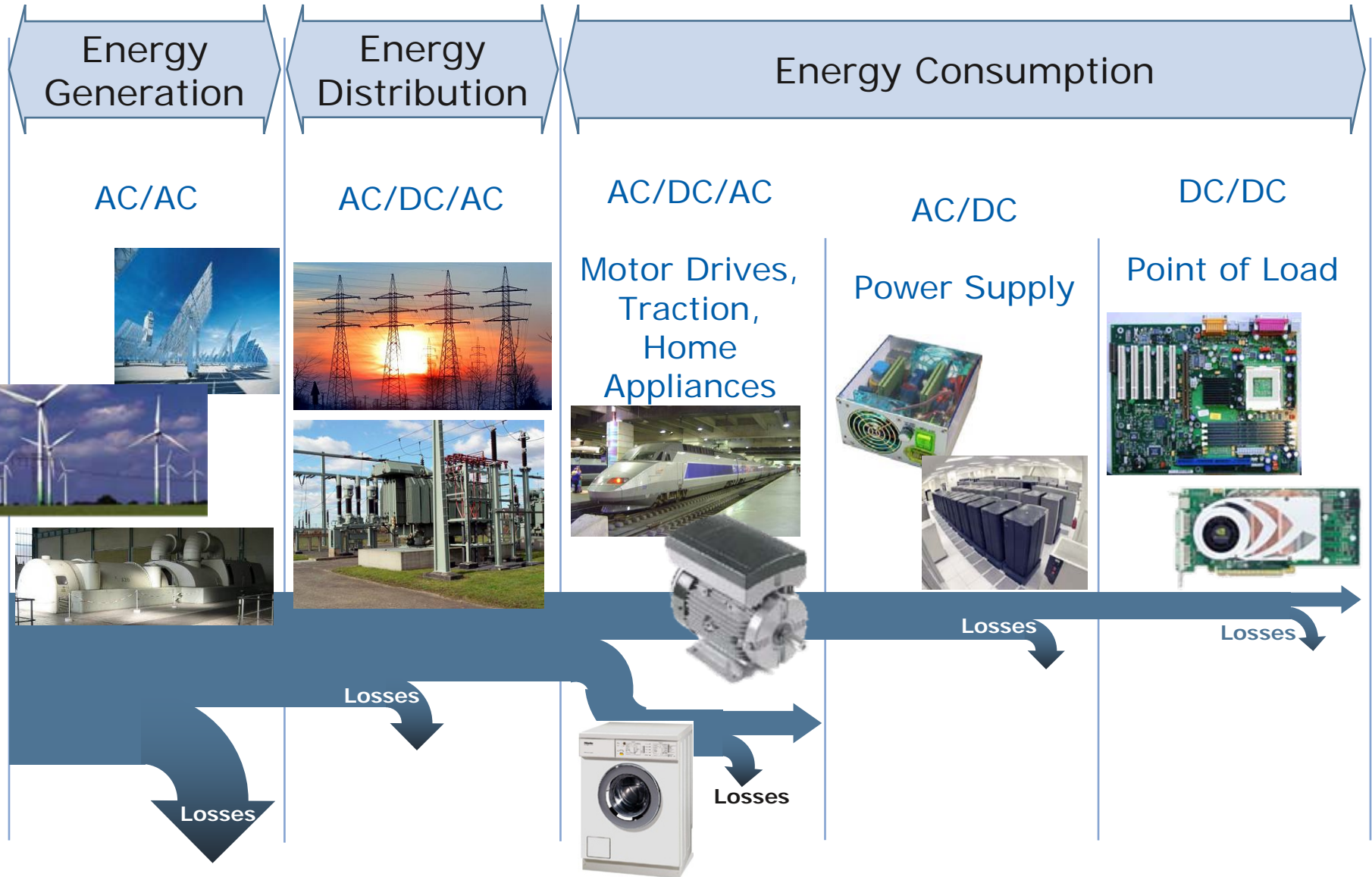
#2



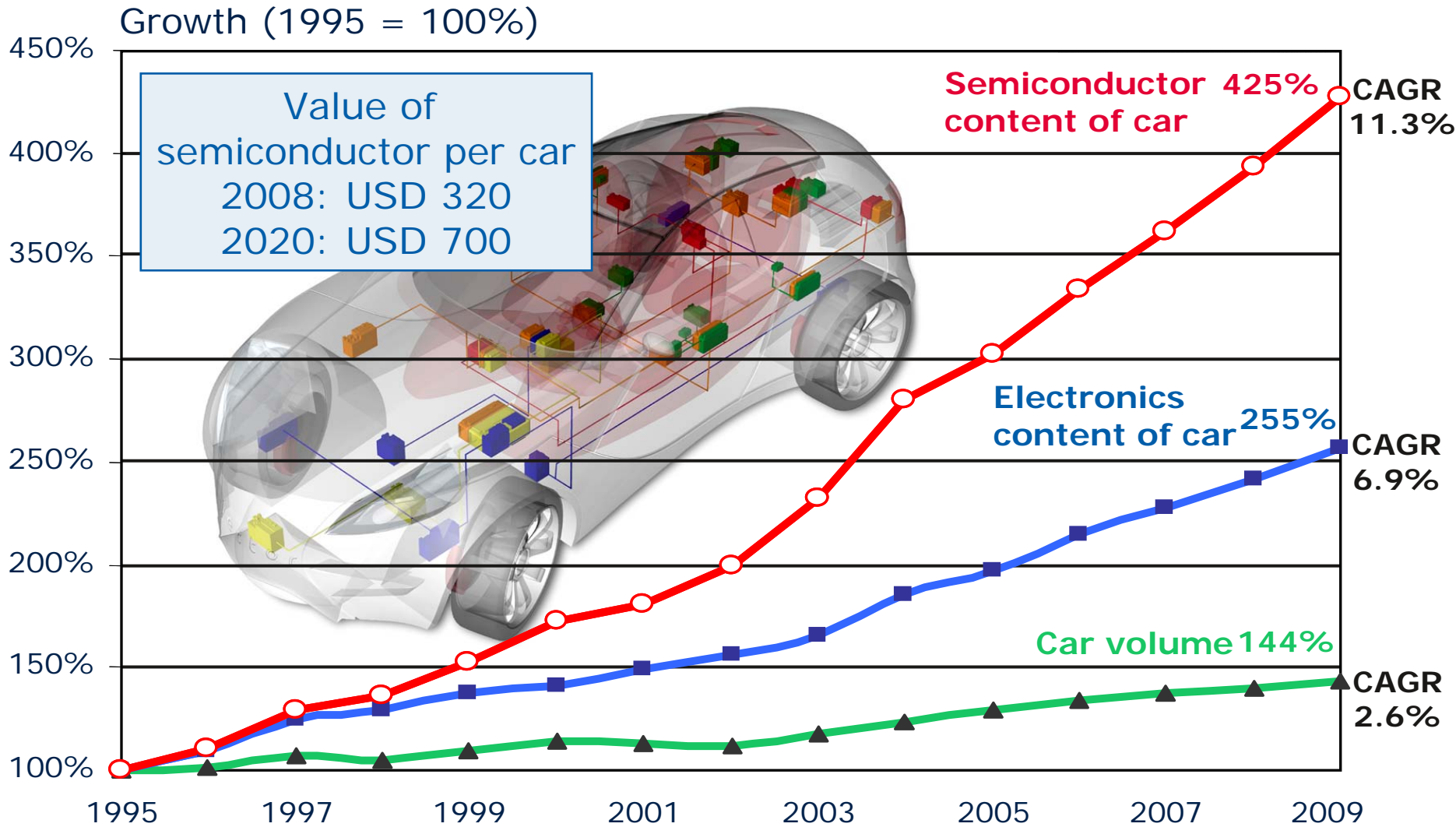
Pollution and climate change drive demand for "clean" solutions.

- Pollution, environmental protection and climate change are global concerns.
- Reducing the waste of energy helps cut back on energy generation and its harmful emissions. This is quickly becoming a standard requirement for all areas of public and private life (e.g. Kyoto Protocol).

Our Products Help Reduce Losses Along the Entire Energy Distribution Chain



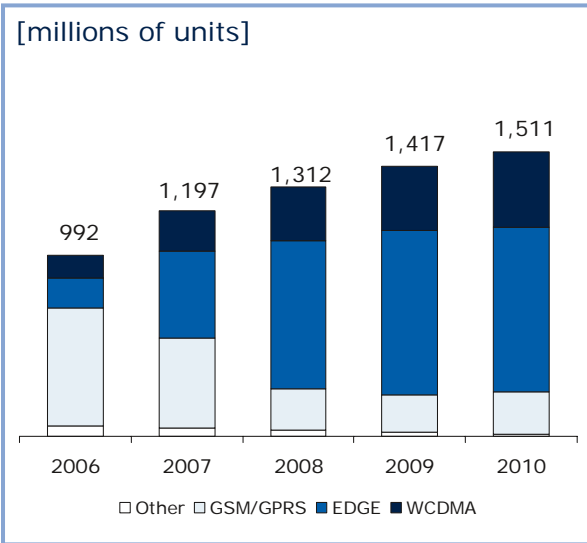
Automotive Microelectronics Trends: More Than 50% of \$-Value of Electronics are Semiconductors



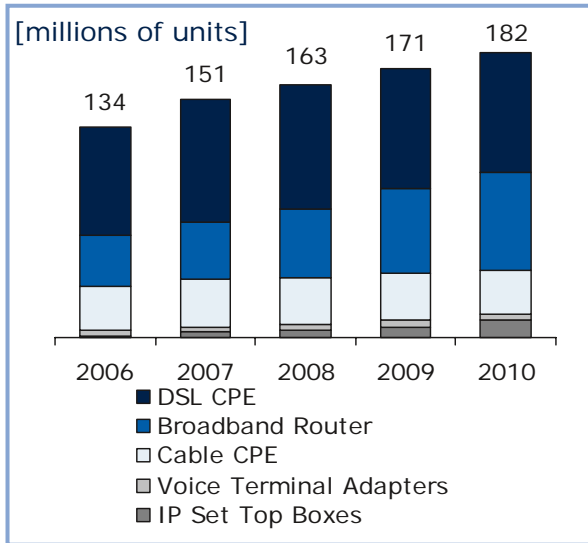
Source: ZVEI

Mobile Phones and xDSL are Growth Markets

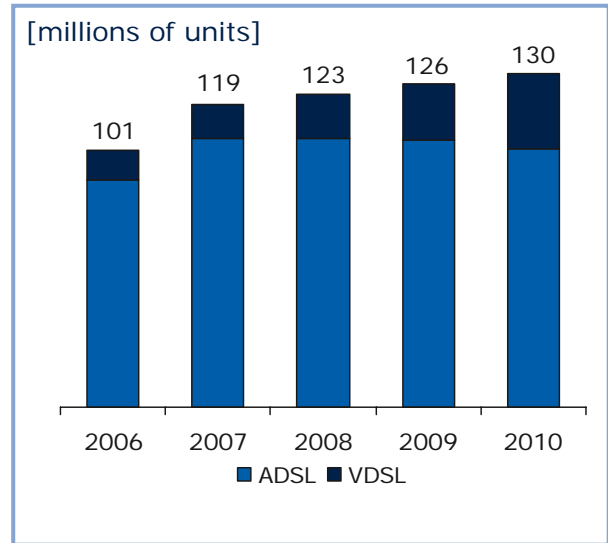
Mobile Phones



Broadband CPE



Broadband CO






- ✓ Multimedia baseband
- ✓ RF CMOS transceiver
- ✓ Power management
- ✓ Bluetooth
- ✓ Protocol stack
- ✓ Application software



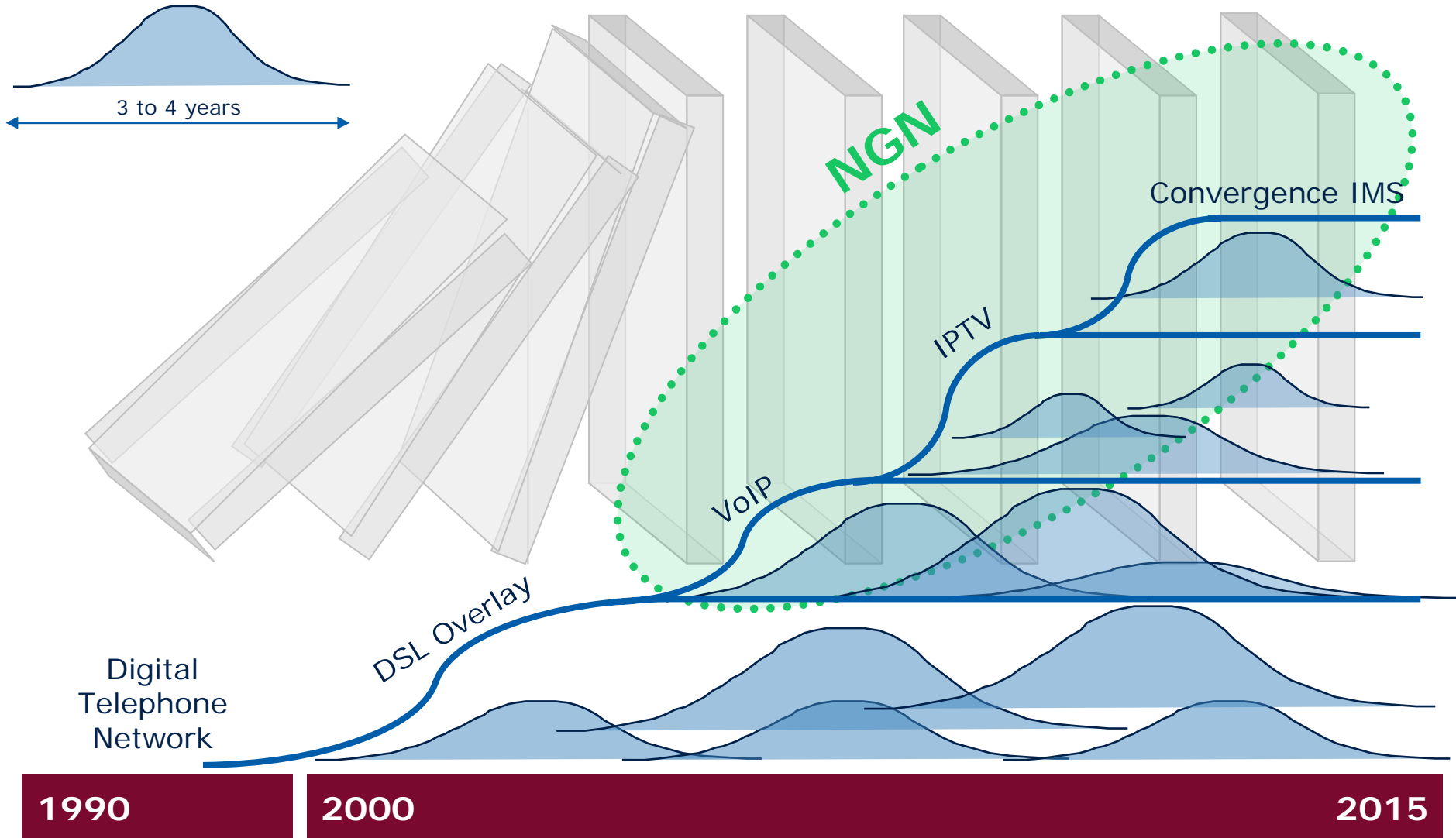
Source: ABI Research, Q2 2007; Infonetics, Q2 2007

Infineon Serves the Top-5 Mobile Phone OEMs

Nokia	<ul style="list-style-type: none">• Major RF-supplier• Design win with single-chip platform XMM1010 for entry-level phones		✓
Samsung	<ul style="list-style-type: none">• Supplier of EDGE RF and 3G RF• Major supplier for GSM/GPRS and EDGE platforms		✓
Motorola	<ul style="list-style-type: none">• Customized development of 3G (HSPA) RF-transceiver		✓
Sony Ericsson	<ul style="list-style-type: none">• Supplier of Smarti 3G selected by Ericsson Mobile Platforms (EMP)		✓
LG	<ul style="list-style-type: none">• Major supplier for GSM single-chip and EDGE platforms		✓

Next Generation Network Drives Growth in DSL CO and CPE

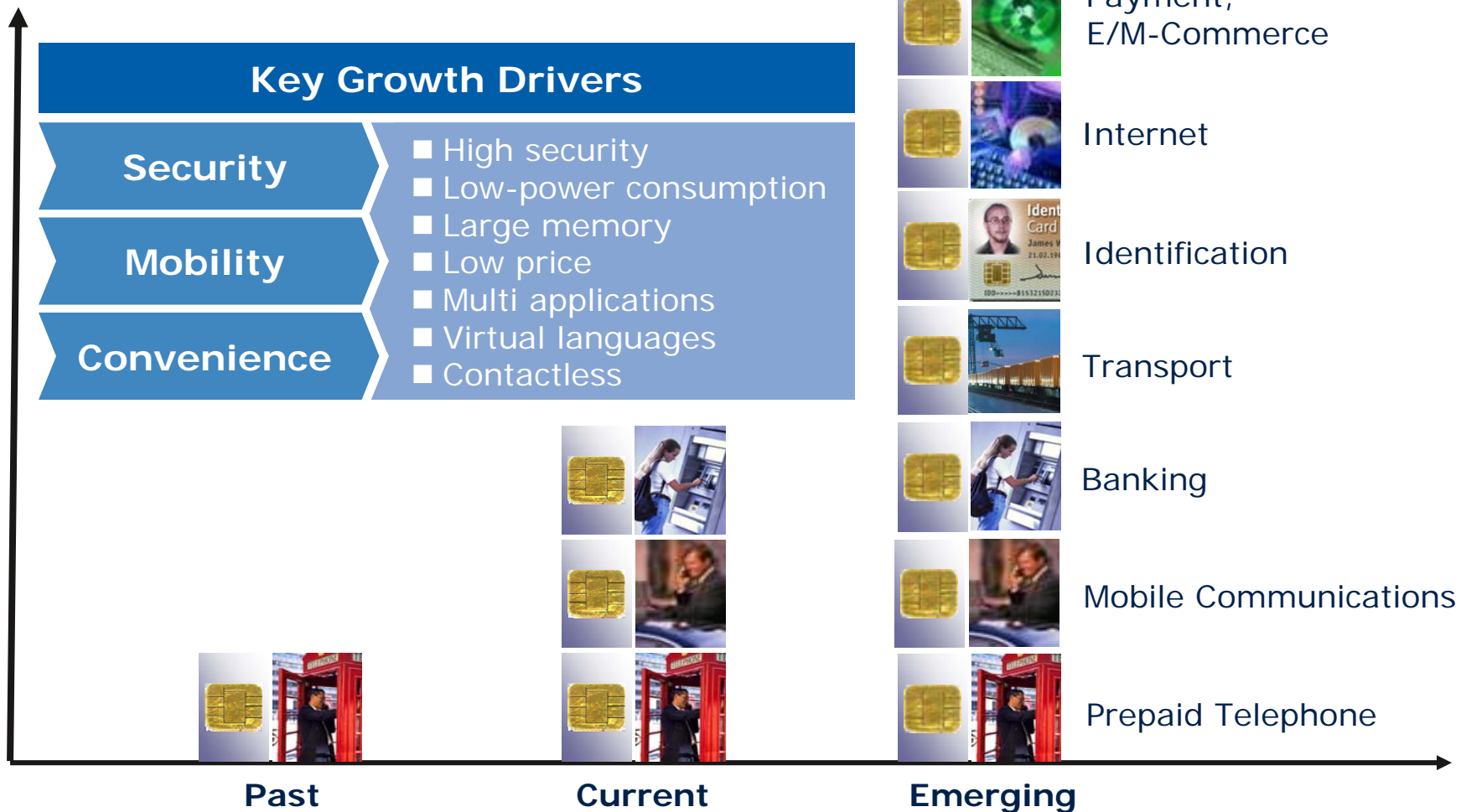
Network replacement profile per carrier



Chip Card ICs: Spreading Out to New Segments

Major Chip Card Applications

Applications



Leadership in Markets Served

Energy Efficiency

All Marketshares for 2006

Power Semic. (market: \$12,387 m)

■ #1	Infineon	8.5%
■ #2	International Rectifier	8.3%
■ #3	Fairchild	7.8%
■ #4	STMicroelectronics	7.5%

Source: IMS 2007

Automotive (market: \$17,702 m)

■ #1	Freescale	11.4%
■ #2	Infineon	9.5%
■ #3	STMicroelectronics	8.4%
■ #4	Renesas	7.1%

Source: Strategy Analytics 2007

Communications

Telecom Access (market: \$2,372 m)

■ #1	Infineon	20.4%
■ #2	Texas Instruments	17.3%
■ #3	Broadcom	14.1%
■ #4	Conexant	10.3%

Source: Gartner 2007: (w/o cable, analog modem)

RF Transceivers (market: \$4,758 m)

■ #1	Qualcomm	15.7%
■ #2	Infineon	12.4%
■ #3	Freescale	10.9%
■ #4	STMicroelectronics	8.6%

Source: Gartner July 2007

Security

Chip Card IC (market: \$1,900 m)

■ #1	Infineon	29.1%
■ #2	Samsung	15.5%
■ #3	NXP	14.3%
■ #4	Atmel	13.0%






Source: Frost & Sullivan, August.2007



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Earnings: towards ~10% EBIT Margin

We Target ~10% EBIT Margin in FY 2009

	FY 2005	FY 2006 ^{*)}	FY 2007 ^{**)}	FY 2008e	FY 2009e
[EUR m]					
Sales	3,934	4,114	4,074		
Gross Profit (Gross margin)	1,187 (30%)	1,308 (32%)	1,353 (33%)		
R&D	902	816	747		
SG&A	449	546	509		
EBIT (EBIT margin)	-294 (-7%)	-217 (-5%)	-49 (-1%)		~10%

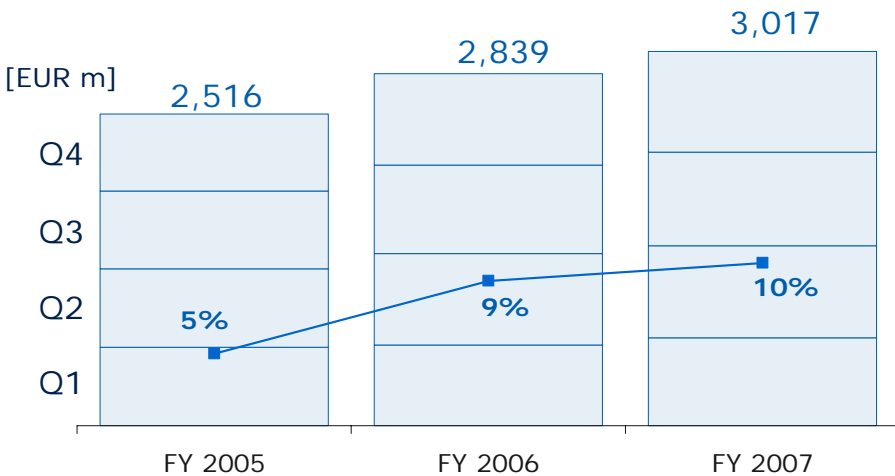
Infineon defines EBIT as Earnings (loss) Before Interest and Taxes.

*) FY2006: Includes net charges of € 199 million relating primarily to various impairments and restructuring measures as well as expenses incurred in connection with the insolvency of BenQ Mobile Germany and the IPO of Qimonda.

***) FY2007: Includes net charges of € 128 million relating primarily to various impairments and restructuring measures as well as expenses incurred in connection with the secondary offering of Qimonda shares.

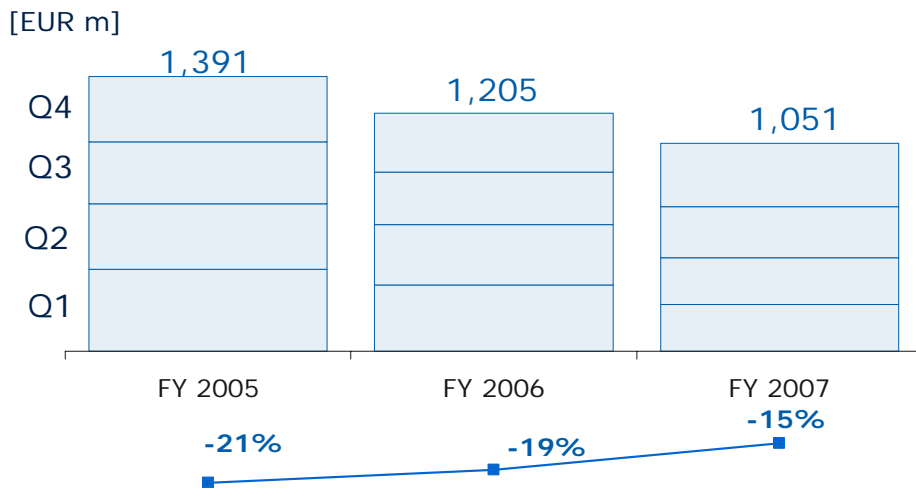
Detailed Outlook for AIM and COM

Automotive, Industrial & Multimarket



- FY 2007: 6% growth driven mainly by power business with contributions also from auto and security; improved EBIT margin vs. FY 2006
- FY 2008: Expect sales and EBIT excl. one-offs to be down slightly y-o-y due to adverse currency impact, deconsolidation of business etc.
- FY 2009: Growth in sales and EBIT

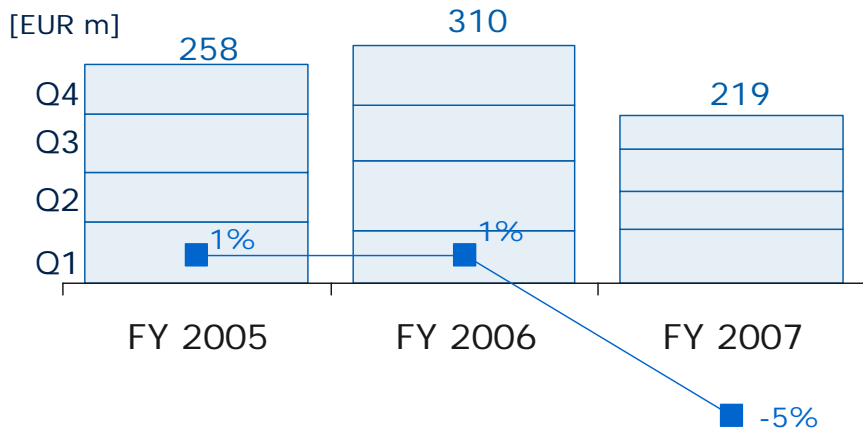
Communications



- FY 2007: Turnover declined y-o-y, but solid design-win momentum; acquired mobile phone activities from LSI and xDSL CPE activities from TI; EBIT recovery ongoing
- FY 2008: Wireless to post break-even EBIT before charges in FQ1. Full year: expect strong sales growth and slightly positive EBIT before charges despite currency headwind and low to mid-double digit EUR million amortization of intangibles
- FY 2009: Continued growth in sales and EBIT

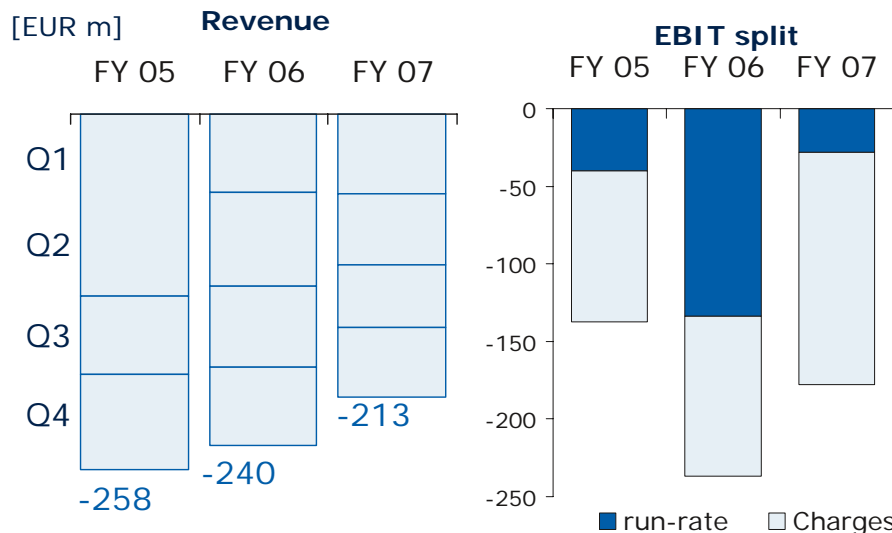
Detailed Outlook for OOS and C&E

Other Operating Segments



- FY 2007: Share of loading of ALTIS fab 100% since 1-Jan-07; agreement with Qimonda over Dresden 8" fab extended to 30-Sep-2009; sales declined; EBIT around break-even
- Beyond FY 2007: Sales to decline gradually as Qimonda-revenues move lower; EBIT around break-even
- FY 2009: 30-Sep end of Qimonda agreement over Dresden 8" fab

Corporate & Eliminations

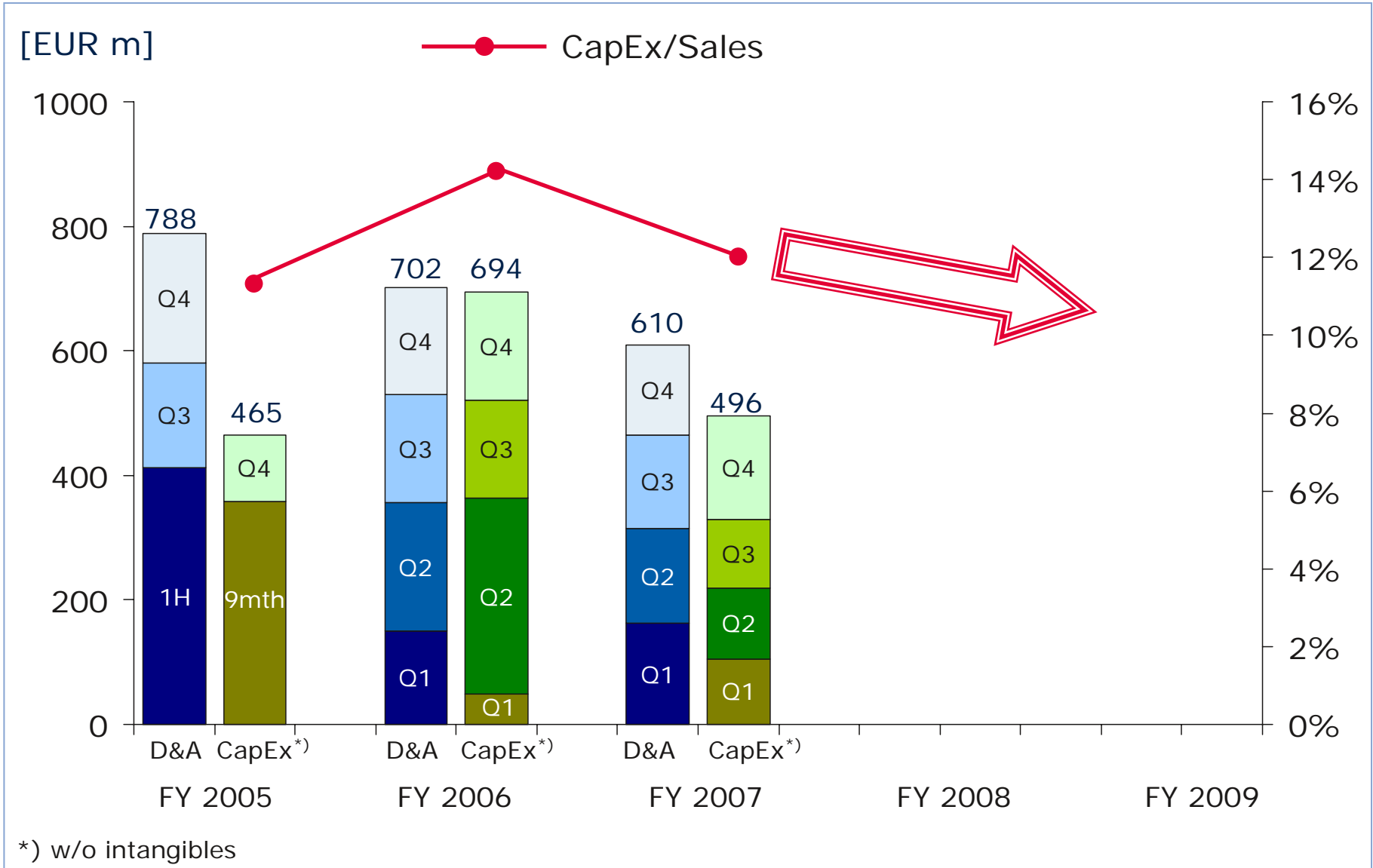


- FY 2007: Sales are negative as intra-group wafer deliveries to Qimonda are being eliminated; amount driven by sales to Qimonda in OOS. EBIT before charges EUR -28m. Ongoing expenses in C&E: e.g. stock options, elimination of intra-group profits on wafers sold to Qimonda.
- Beyond FY 2007: Expect to contain EBIT loss before charges at ~ EUR 40-60m pa.
- FY 2009: 30-Sep end of Qimonda agreement over Dresden 200mm fab



Capital Intensity: Going Down

Lowering CapEx/Sales ratio to 10%-11%

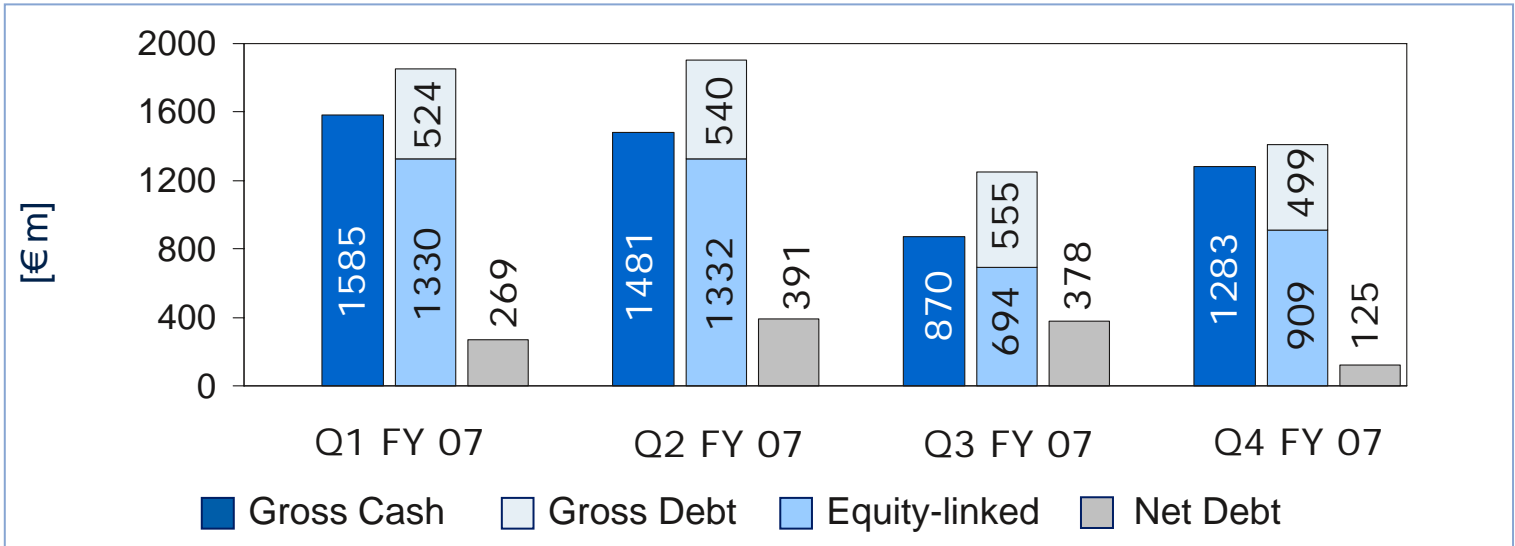


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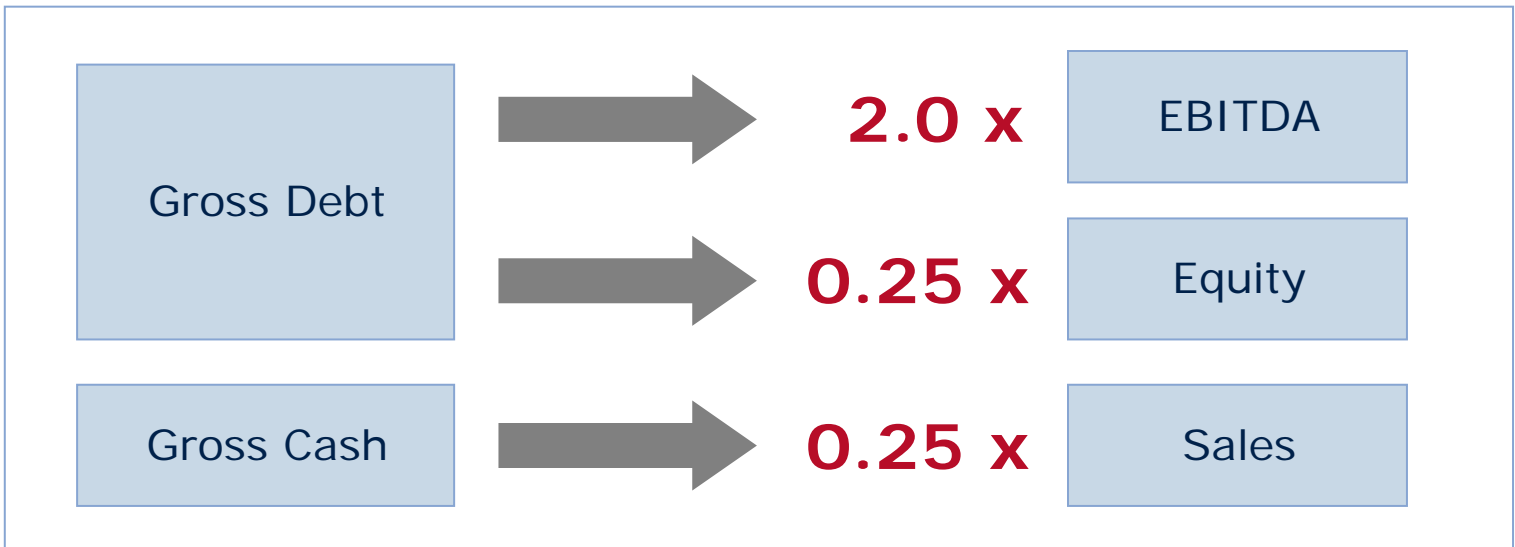
Capital Structure: Prudent and Efficient

Gross Cash, Gross Debt and Net Debt

Capital structure
-
Past quarters



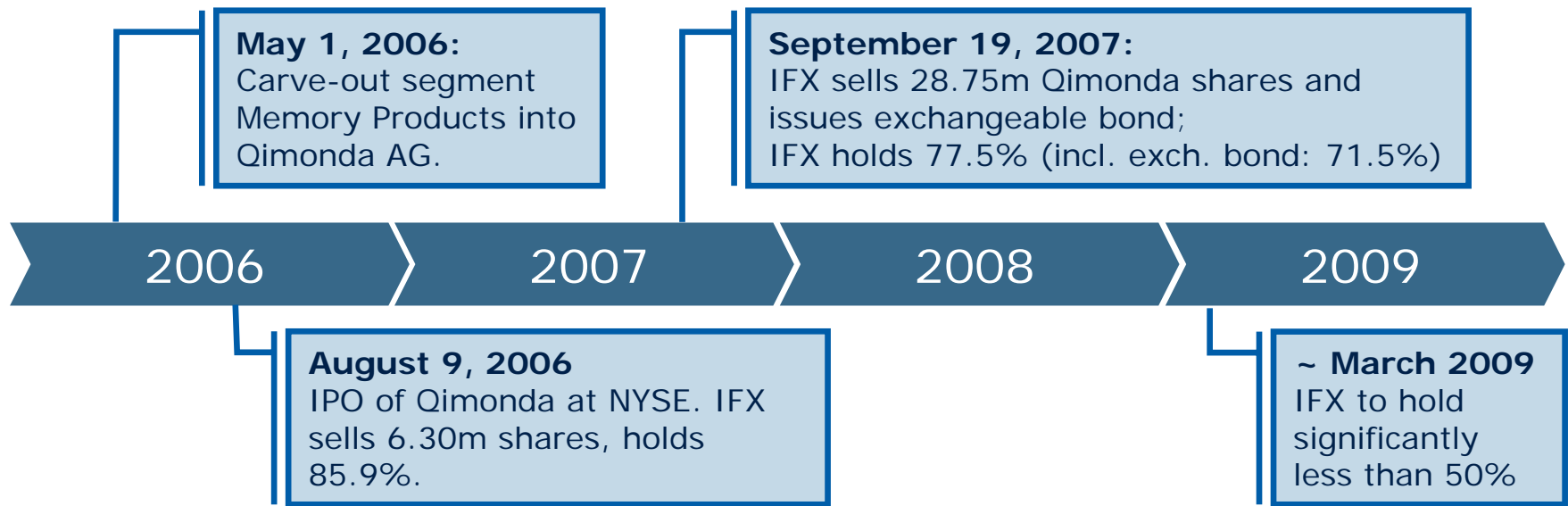
Capital structure
-
Targets





Exploiting Strategic Opportunities

Lowering our Stake in Qimonda; Exploiting Strategic Opportunities



Uses of Cash

Share Buy-Backs

- Max. 10% of shares outstanding per year by German law
- Authorization granted by the AGM Feb 2007, valid until Aug. 2008

Acquisitions

- Acquired ADSL CPE biz from TI → #1 in DSL CPE ✓
- Acquired mobile phone biz from LSI → target #3 in mobile phone platforms ✓



We commit.
We innovate.
We partner.
We create value.



Never stop thinking

Key Financials for Infineon excl. Qimonda

	Q3 F05	Q4 F05	Q1 F06	Q2 F06	Q3 F06	Q4 F06	Q1 F07	Q2 F07	Q3 F07	Q4 F07
Sales (EUR m)	947	964	996	1,065	995	1,058	958	978	1,011	1,127
EBIT (EUR m)	-98	-81	1	7	-51	-174	-9	-28	13	-24
<i>EBIT margin</i>	-10.3%	-8.4%	0.1%	0.7%	-5.1%	-16.4%	-0.9%	-2.9%	1.2%	-2.2%
EBIT ex charges (EUR m)	-27	-8	3	11	-22	-11	-9	1	16	69
<i>EBIT margin ex charges</i>	-2.9%	-0.8%	0.3%	1.0%	-2.2%	-1.0%	-0.9%	0.1%	1.6%	6.2%
D&A (EUR m)	168	208	150	206	174	172	162	152	150	146
<i>D&A / Sales (%)</i>	17.7%	21.6%	15.1%	19.3%	17.5%	16.3%	16.9%	15.5%	14.8%	13.0%
CapEx (EUR m)	NM	107	49	314	158	173	105	114	110	167
<i>CapEx / Sales (%)</i>	NA	11.1%	4.9%	29.5%	15.9%	16.4%	11.0%	11.7%	10.9%	14.8%
Gross Cash (EUR m)		1,374	1,264	1,426	1,427	1,585	1,481	870	890	1,283
Gross Debt (EUR m)		1,557	1,593	1,872	1,839	1,854	1,872	1,248	1,244	1,408
Net debt (EUR m)		183	329	446	412	269	391	378	354	125
Employees		26,834	30,561		29,446	29,849	30,071	29,871	29,555	29,598

Financial Calendar

- Feb 07, 2008* **Earnings Release Q1 FY 08**
- Feb 12, 2008 **Mobile World Congress, Barcelona**
- Feb 14, 2008* **Annual General Meeting**
- Apr 23, 2008* **Earnings Release Q2 FY 08**
- Jun 2/3, 2008 **IFX Day: Annual Analyst and Investor Day in Munich**
- Jul 25, 2008* **Earnings Release Q3 FY 08**
- Dec 03, 2008* **Earnings Release Q4 and FY 2008**

* = Preliminary Date

Infineon is now a Major Platform Supplier to Samsung



U300



U600



F500



J600



X467



U100

Complete Mobile Phone Platform Solutions for Major Growth Markets



Target markets	2G/2.5G GSM/GPRS	2.75G EDGE		3G UMTS	3.5G HSDPA
Platform (now)	XMM™1010	XMM™2010	XMM™2060	XMM™5010	XMM™6080
Platform (before)	ULC2	MP-E	MP-Elite	MP-EU	MP-EH
Baseband (now)	X-GOLD™101 (incl. SRAM)	X-GOLD™201	X-GOLD™206	X-GOLD™201, co-processor	X-GOLD™608
RF CMOS transceiver		SMARTi PM		SMARTi PM, SMARTi 3G	SMARTi 3GE
Power-management		X-PMU™600		X-PMU™601	X-PMU™611
Protocol stack	✓	✓	✓	✓	✓



Integrated in one chip